

# Millennium Challenge Albania MONITOR



BIMONTHLY NEWSLETTER  
Issue #6 November – December 2007

The two-year \$13.85 million Millennium Challenge Albania Threshold Agreement between the **Government of Albania (GoA)** and **Millennium Challenge Corporation (MCC, [www.mcc.gov](http://www.mcc.gov))**, administered by **USAID** assists the GoA to reform and modernize tax administration, public procurement, and business registration processes, through IT solutions and legislative enhancements.

## LEGISLATIVE DEVELOPMENTS

### **Draft Tax Procedures Law Scheduled to be Submitted to the Council of Ministers**

Following extensive discussions with the business community and interest groups, the Ministry of Finance has revised the first draft of the tax procedure law aimed at fighting corruption and increasing efficiency in Albanian's tax administration. The revisions address the concerns raised, and also incorporate recommendations by the IMF and EU harmonization experts, further emphasizing a new functional organization for GDT, taxpayer service and rights, and the minimization of tax police or investigative role. Important improvements include treatment of penalty percentages for appeals, alternative assessments in product pricing matters, confiscation practices for goods not invoiced, and the electronic submission of books and records.

### **International Best Practice Introduced in Public Procurement in Albania**

Parliament has recently enacted technical amendments to the Public Procurement Law in order to enable use of framework contracts, which are required for efficient purchase of electric power. The amendments were enacted in Law no. 9643, dated December 26th, 2007. The Project is also advising PPA on updating the public procurement secondary legislation.

## INSTITUTIONAL CAPACITY BUILDING

### **Fostering a Service-oriented Culture**

Public service employees of the Project's counterpart organizations participated in two-day customer care training workshops conducted by the Project during December 2007. Separate workshops were held for employees of the Taxpayers Service and Registration Center at the General Directorate of Taxation (TSRC/GDT), the Office of the Procurement Advocate (PAO), and the National Registration Center (NRC). As an initial effort that serves to foster a customer-oriented culture in adherence to the laws and regulations in place, the training workshops introduced participants to the fundamentals of customer service, focusing on ethical considerations, best practices and required individual skills.

### **One-stop-shop Business Registration Services Now Available at 7 NRC Locations**

Since its opening in Tirana on September 3rd, 2007, NRC has increased its service capacity from four service window clerks at the headquarters to a total of 22 clerks in eight locations across Albania. During November and December, the Project assisted the NRC in opening service windows in seven municipal offices. The NRC plans to open windows in additional municipalities throughout 2008. Within a four-month period more than 11,000 applications have been processed at NRC service centers. Certificates of good standing for legally-registered businesses are also available by visiting the Commercial Registry at the NRC website, which provides access to all application forms and instructions for all NRC services, as well as a bulletin of daily registrations.

### **Dear readers,**

Electronic procurement (e-procurement) is the next challenge for the Government of Albania in its efforts to make public procurement more efficient, transparent, and fair. In the framework of the Millennium Challenge Albania Threshold Agreement the Government is committed to using this system to conduct a significant percentage of tender procedures in 2008 and beyond. The Public Procurement Agency (PPA) fully supports this important initiative and considers it a crucial step in modernizing public procurement in the country.

The Council of Ministers decision "On the approval of public procurement rules by electronic means" issued in October 2007 paved the way for using the e-procurement system, which will serve to increase and monitor transparency in public procurement. Developed during 2007 by PPA and the Millennium Challenge Albania project, and tested with both contracting authorities and economic operators, the e-procurement platform complies with EU standards for e-procurement, and will align public procurement in Albania with the most effective and modern procurement systems in Europe.

With the goal of enhancing the capacity of public institutions to use e-procurement, PPA and the Millennium Challenge Albania project established a core group of eight contracting authorities who will be the first to implement e-procurement, and trained their public procurement officials. The Albanian Power Corporation (KESH) was the first to successfully test e-procurement in a tender to purchase electric power that took place in November 2007. Recognizing that economic operators are a key partner in the successful implementation of the e-procurement system, PPA and the Project trained many businessmen and women on how to use the system.

We are very enthusiastic about the achievements to date. They stem from the very good work and close cooperation between the Government of Albania and the Millennium Challenge Albania project, and they inspire us to face the challenge of ensuring the use of e-procurement to complete a substantial number of tender procedures in Albania.

**Sincerely,**  
**Klodiana Cankja**  
**Director of the Public Procurement Agency**



*NRC staff discusses how to improve services to their customers.*

## Procurement Advocate Office Issues Its First Complaint Investigation Reports

The new Procurement Advocate's Office began operation in November. During November and December, PAO processed 23 complaints and issued 23 recommendations, on the basis of which PPA has taken action, including canceling tenders, where appropriate. Given PAO's critical role in leading to more accountability and public oversight of public procurement in Albania, during November and December the Project provided PAO staff with intensive training focused on key concepts of the public procurement law and regulations, international standards for complaint investigations and agency inspections, as well as auditing and adjudication procedures.



*The project is supporting PAO to develop its public outreach efforts, beginning with the institution's logo.*

## Judges and Auditors Trained on Public Procurement Issues

During the month of November, PPA, with the support of the Project, conducted training workshops at the School of Magistrates and Supreme State Audit. Judges, judicial police officers, second-year School of Magistrate students, and auditors from the Supreme State Audit learned about tender awards procedures, administrative review and remedy mechanisms, judicial review procedures for public procurement, issues related to tendering public contracts, as well as report tools, audit trail and the site map for the e-procurement system. These workshops were the first to take place in either institution.

## E-GOVERNMENT

### E-filing: Full Steam Ahead

More than 200 large taxpayers have registered for e-filing with GDT, and have received passwords and training to use the system. Many of these taxpayers are now filing their monthly VAT returns electronically. The Project has also recently introduced new modules for e-filing of withholding declarations for personal income tax, social and health contributions, and estimated monthly profits tax payments.

### Rollout of E-procurement System Moves into High Gear

On December 4th, the PPA Director approved and formally accepted the Project's e-procurement system for use by the Government of Albania. This key approval followed a highly visible and successful pilot test by KESH to purchase a one year supply of electric power, valued at 220 million Euros. Four bids were submitted electronically

in parallel with paper-based tender submissions. The Project is now promoting the use of the system to all line ministries, with full backing by public statements of the Prime Minister and DPM mandating use of the system by all government agencies. The full e-procurement user's manual for economic operators can be downloaded at the e-procurement website:

<http://eps.app.gov.al/ep>.



*The KESH tender committee opens the on line proposals for the energy purchase on November 10, 2007.*

## NRC: All Company Court Files Digitized

With the support of the Project, NRC now has a fully electronic commercial registry of all judicial legal entities (companies) registered in Albania in compliance with the business registration law and EU directives. During November and December, the Project imaged and indexed more than 39,000 files of legal entities registered at the courts during the period 1992-2002. An easily searchable file of these documents has been installed at the NRC for processing of registration information updates and requests for extracts. The e-commercial registry now replaces the former costly and time-consuming paper-based searches. Similar imaging is now being conducted for court registration files of self-employed persons, with completion expected in mid-February.

## PUBLIC OUTREACH

### Public Procurement Reform in the Spotlight

During December 2007, with assistance from the project, PPA organized four well-received one-day information seminars for economic operators on the new public procurement legal framework and e-procurement system. One hundred business men and women, as well as the visual and print media journalists and editors, heard presentations by the PPA Director, PPA staff, and project experts, as well as engaged in discussions over the features, advantages and added transparency of the fully functioning e-procurement system in Albania.

## UPCOMING EVENTS

- In January the draft tax procedures law will enter the course of intra-governmental review that will lead to the submission of the law to the Parliament in Spring 2008.
- Additional training on e-procurement for contracting authorities and economic operators will be offered starting in February 2008.
- A country wide public awareness campaign on Procurement Advocate services will be launched in early February 2008.

*For questions about the project or to subscribe to this newsletter, call us or write to:*

### Millennium Challenge Albania Threshold Agreement

Project office  
Classic Construction Building  
"Pjetër Budi" Street,  
1st floor, nr. 10  
Tirana, Albania  
Tel: +355-4-380-400  
Fax: +355-4-380-424  
E-mail: [office@mcata.org.al](mailto:office@mcata.org.al)  
[www.mcata.org.al](http://www.mcata.org.al)

PROJECT DURATION: September 2006-September 2008

"... I commend Albania for the progress made to date on its threshold program." from the December 20th letter of Ambassador Danilovich, CEO of the Millennium Challenge Corporation to Prime Minister Berisha.